

 Lifting Global Trade<sup>SM</sup>

# APM TERMINALS

APM Terminals Pipavav

Gujarat Pipavav Port Limited

## ANNUAL REPORT 2015-16



## CHAIRMAN'S STATEMENT



Dear Members,

For and on behalf of the Board of Directors, I am pleased to present the Company's Annual Report and Financial Statements for the year ended 31st March 2016.

As your Company holds 38.8% shares in Pipavav Railway Corporation Limited (PRCL) it is an Associate Company as per the provisions of the Companies Act, 2013. Accordingly, the Company has for the first time prepared Standalone financial statement and Consolidated financial statement for the year ended 31st March 2016.

During the year your Company reported a Standalone Net Profit of Rs. 2,366.57 Million, the accumulated losses have been completely set off and the Board of Directors is pleased to recommend payment of Maiden Dividend of Rs. 1.90 per share on the Company's outstanding Equity Share Capital. Dividend is the Company's primary distribution of profits to its Shareholders. The Company's objective is to sustain a steady and consistent distribution of Dividend to its Shareholders subject to availability of profits, the Company's future funding needs and the applicable laws.

The Global Container trade continues to remain a challenge due to the overall general slowdown and shift in focus by China from international trade towards domestic consumption. According to International Monetary Fund (IMF) estimates the Global container port traffic grew by just 1.1 percent in 2015 which is less than half of the 3.5 percent increase in the Global Gross Domestic Product in 2015. This is also the first time the container volume growth-to-GDP multiplier fell below 1x. The year on year growth in Container volume of India has been in the range of 3% primarily driven by Imports while Exports continue to remain weak. In the overall weak economic environment, India is one of the few countries reporting comparatively stronger GDP numbers. The further improvement in trade would be dependent upon two factors - namely improvement in the rural economy of India which could help in strengthening of Imports into the country, and an improvement in the economies of Europe and the United States which are the main export markets for India.

The growth in Logistics directly supports the government's objective of 'Make in India'. As a result of the focus on growth in manufacturing industries there are many economic reforms taking shape in India. Investments in development of infrastructure at ports, creating freight corridors and national highways, and better railway network plays a vital role in growth of the economy. The Government has been focused on increased spending on the Road sector in particular which is expected to trigger a multiplier effect of growth in various other industries. RBI in its recent Monetary policy also recognises development of infrastructure, including ports, roads and railways as a positive sign of economic revival.

Your Company has completed its capacity addition in the Container Business in a timely manner in order to be able to participate in the growth opportunities of the country. The Port now has two dedicated Container berths with an increased capacity to 1.35 Million TEUs from the existing 850,000 TEUs. The Company is debt free and has the ability to leverage its Balance Sheet for ramping up the Port capacity based on the future growth opportunities.

The State of Gujarat is developing into an auto hub with several companies setting up their manufacturing facilities. During the year your Company started handling the RORO vessels for Export of cars. This business provides an opportunity to your Company in achieving an improved utilization of the existing Container berths and the waterfront.

As far as the Company's Dry bulk cargo handling business is concerned, it comprises two main commodities namely Coal and Fertiliser. The country has been witnessing a reduction in Coal imports on the back of improved availability of domestic coal for conventional power plants and the focus of the Central Government in promoting Renewable Energy. The Fertiliser Imports are likely to remain steady on the back of the above normal monsoon expected during the year. In the case of Liquid Cargo, the tankage facility of all three operators in the Port is operational and steadily ramping up.

Inland evacuation of cargo has been a major constraint from cost as well as time perspective for the country. A recent study conducted on Road transportation (TCI along with IIM Calcutta) indicates that India suffers a loss of USD 21.3 billion annually on account of inland transportation delays, additional fuel consumption due to poor road conditions and frequent halts by trucks. India has a long coast line which has remained underutilized. Like Railways, Waterways are also an environment friendly mode of transportation. The Government's focus in promoting coastal movement of cargo will not only bring in cost efficiencies and improve utilization of the country's water resources but it will also substantially reduce the strain on Road traffic and vehicular pollution. Your Company had an opportunity in handling the first ever Coastal RORO vessel movement within the country from Chennai to Pipavav. Depending upon the opportunities for two way movement of vehicles by the auto companies, coastal movement of RORO vessels can become an efficient and cost effective mode of transport. Similarly, frequent upward revision in freight rates in the past coupled with a reduction in diesel prices has resulted in cargo moving away from Rail to Road. This has adversely impacted freight earnings for the Railways apart from the pressure on the country's Highways. The steps towards rationalization of freight by Railways would contribute in the shift from Road to Rail, bring efficiencies into the system and reduce road congestion.

Your Company is committed to improving Safety at the Port for its Employees, their families, the Contractor's Employees and the local community. As part of the global initiative, APM Terminals has four underlying principles- Safety is the license to operate; has no hierarchy; it means no compromise and all companies should be actively committed to it. All terminals within the APM Terminals Portfolio are engaged in sharing of Best Practices. Your Company's Health, Safety, Security and Environment (HSSE) Team focuses on providing training on Personal Safety to all Truck Drivers visiting the Port and during the year has conducted approximately 37,000 training sessions for Truck Drivers. Safety Awareness Programmes are also conducted by the HSSE Team in schools in the vicinity of the port which helps in inculcating the habits of safe behavior at an early age amongst the students and it also brings positive change in behavior of the adults. Your Company has also launched a course on Road Safety with MS University, Vadodara and has also developed a Manual on Traffic Rules as part of the course.

Effective 1st July 2016 the International Maritime Organization (IMO) has adopted amendments to the Safety of Life at Sea (SOLAS) Convention under which every Export Container would be loaded on the vessel only if its Verified Gross Mass (VGM) has been submitted by the Shipper to the Shipping line or to the Port. The Indian Maritime Industry is all set to promulgate the new rule and the Director General of Shipping (DG Shipping) has issued detailed procedures for its implementation. As per the requirement under the Convention, your Company has completed the necessary actions and is ready to implement the amendment rule under the SOLAS Convention.

On behalf of the Board of Directors of the Company, I take this opportunity to express our sincere appreciation to all our shareholders, vendors and customers for their continuous support and to our employees for their dedication and commitment. I also thank the State and Central Government bodies and my colleagues on the Board for their support, guidance and valuable insight. I look forward with optimism towards a sustained economic growth in India and a very exciting and prosperous year ahead for Gujarat Pipavav Port Limited.

With Best Wishes,

Yours truly,

Tejpreet Singh Chopra  
Chairman

## **BOARD OF DIRECTORS**

Mr. Tejpreet Singh Chopra	Chairman
Mr. A. K. Rakesh, IAS	Nominee Director- Gujarat Maritime Board (w.e.f 12th October 2015)
Ms. Hina Shah	
Mr. Jan Damgaard Sorensen	
Mr. Julian Bevis	
Mr. Pradeep Mallick	
Mr. Pravin Laheri, IAS (Retd.)	
Mr. Rizwan Soomar	
Mr. Keld Pedersen	Managing Director

## **CHIEF FINANCIAL OFFICER**

Mr. Hariharan Iyer

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. Manish Agnihotri

## **AUDITORS**

Price Waterhouse Chartered Accountants LLP  
(ICAI Regn. No. 012754N/N-500016)  
Mumbai

## **REGISTRAR & TRANSFER AGENTS**

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32  
Gachibowli, Financial District, Nanakramguda  
Hyderabad 500 032

## **REGISTERED OFFICE**

Pipavav Port, At Post Ucchaiya Via Rajula  
Dist. Amreli, Gujarat 365 560  
CIN: L63010GJ1992PLC018106  
Website: [www.pipavav.com](http://www.pipavav.com)  
Tel: 02794 302400  
Fax: 02794 302413

## **CORPORATE OFFICE**

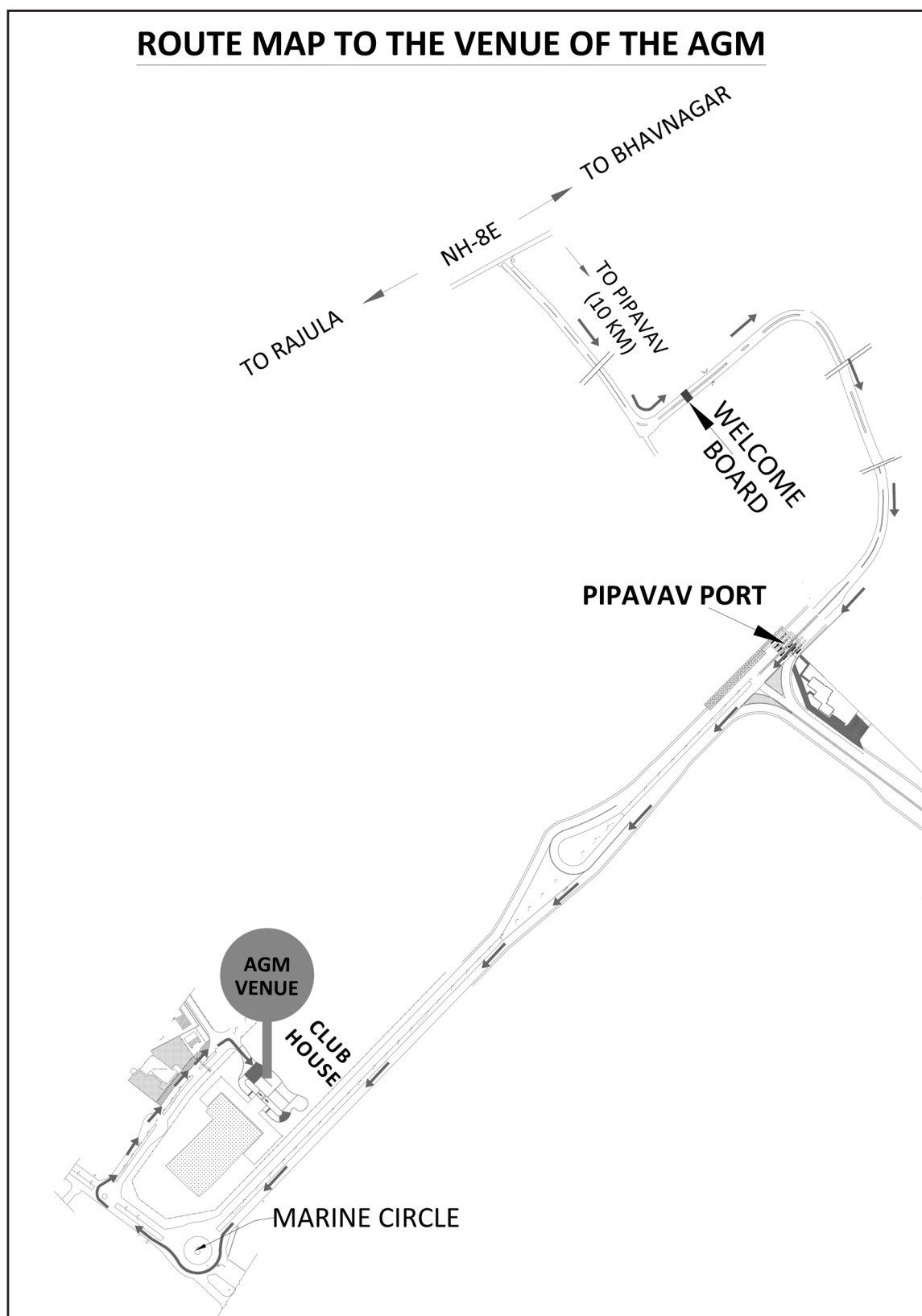
301, Trade Centre  
BandraKurla Complex  
Bandra (E)  
Mumbai 400 098  
Tel: 022 30011300  
Fax: 022 26522422

**CONTENTS**

	<b>Page No.</b>
Notice	4
Directors' Report	10
Management Discussion and Analysis	33
Corporate Governance Report	39
Auditors' Certificate on Corporate Governance	51
CEO & CFO Certification	52
<b>Standalone Financial Statements</b>	
Auditors' Report	53
Balance Sheet	60
Profit and Loss Account	61
Cash Flow Statement	62
Notes to Financial Statements	63
<b>Consolidated Financial Statements</b>	
Auditors' Report	88
Balance Sheet	90
Profit and Loss Account	91
Cash Flow Statement	92
Notes to Financial Statement	94



## ROUTE MAP TO THE VENUE OF THE AGM



**NOTICE** is hereby given that the 24th Annual General Meeting of the Members of Gujarat Pipavav Port Limited (CIN:L63010GJ1992PLC018106) will be held at its Registered Office at Pipavav Port, At Post Ucchaiya via Rajula, District Amreli – 365 560 on Thursday 11th August 2016 at 2.00 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt:
  - (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2016, along with the Reports of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated financial statement of the Company for the year ended March 31, 2016 along with the Report of Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year ended 31st March 2016.
3. To appoint a Director in place of Mr. Julian Bevis (DIN:00146000), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rizwan Soomar (DIN:02398970), who retires by rotation and being eligible, offers himself for re-appointment.
5. To ratify the Appointment of Price Waterhouse Chartered Accountants LLP (ICAI Regn. No. 012754N/N-500016) as approved by the Members in the previous Annual General Meeting as Statutory Auditors of the Company, to hold office from the conclusion of this meeting i.e. Twenty fourth Annual General Meeting until the conclusion of the Twenty fifth Annual General Meeting of the Company and to fix their remuneration for the financial year ending 31st March 2017.

**SPECIAL BUSINESS:**

**6. Approval of Related Party Transactions with Maersk Line A/S**

To consider and if thought fit, pass with or without modification(s) the following as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Regulation 23(8) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (‘Regulations’) effective from 1st December, 2015 governing the Related Party Transactions and all other applicable Acts, Rules, Regulations, Guidelines (including any statutory modifications or re-enactment thereof, for the time being in force), approval of the shareholders of the Company be and is hereby accorded for contract(s)/ transaction(s) with Maersk Line A/S (including A. P. Moller- Maersk A/S and its affiliates), a Related Party in accordance with the Regulations, the details of which are provided herein below:

<b>Name of the Party</b>	Maersk Line A/S (including A. P. Moller- Maersk A/S and its affiliates)
<b>Nature of relationship</b>	Group Company, a Related Party as per revised Regulation 23 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015
<b>Nature of Contract/Transaction</b>	Rendering of Services related to Port Operations. These transactions are in the ordinary course of business and are conducted on an arm’s length basis.
<b>Period of Contract/Transaction</b>	1st October 2014 to 31st March 2017.
<b>Amount of Contract / Transaction</b>	Based on the past trend as per the details mentioned in the Explanatory Statement, we expect the revenue during each financial year to exceed 10% of the total consolidated turnover of the Company. The exact amount of transaction per annum pursuant to the arrangement depends on actual volume and vessel calls handled and hence cannot be estimated.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board of Directors of the Company be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit and the Board is hereby further authorized to resolve and settle all questions, difficulties or doubts that may arise with regard to the said transaction and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental thereto as the Board in its absolute discretion may deem fit without being required to seek any further consent or approval of the shareholders.”

**7. Payment of Commission to Independent Directors of the Company**

To consider and if thought fit, pass with or without modification(s) the following as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 149(9) of the Companies Act, 2013 and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company do make payment amongst the Independent Directors of the Company on annual basis, of such remuneration by way of commission, the aggregate of which shall not exceed one percent of the Net Profit of the Company per annum computed in the manner prescribed under Section 198 of the Companies Act, 2013, subject to maximum ceiling of Rs. 15,000,000 for the year 2015-16 and Rs. 7,500,000 per annum for subsequent years upto Financial year 2020-21, in such amount and proportion and in such manner and in all such respects as may be determined by the Board of Directors (Board shall include Nomination & Remuneration Committee) from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all such steps and do all such things including settling or resolving any doubts as may be required from time to time in connection with the aforesaid resolution and matters related thereto.”

By Order of the Board of Directors  
For **Gujarat Pipavav Port Limited**

**Manish Agnihotri**  
**Company Secretary**  
**ACS 12045**

**Registered Office:**

Pipavav Port, At Post Ucchaiya via Rajula

District Amreli, Gujarat 365560

CIN: L63010GJ1992PLC018106

Mumbai

19th May 2016

**Notes:**

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING “AGM” or “Meeting”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies, in order to be effective, must be received by the Company, duly filled, stamped and signed, at its Registered Office not less than 48 hours before the Meeting.

Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable, issued on behalf of the nominating organisation.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

- b) The Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 (“the Act”), concerning the Special Business in the Notice is annexed hereto and forms part of this Notice.
- c) Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorising their representatives to attend and vote at the AGM.
- d) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- e) Members / Proxies / Authorised Representatives should bring the enclosed Attendance Slip, duly filled in, for attending

the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.

- f) Relevant documents referred to in the accompanying Notice and the Statement, are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
- g) The Register of Members and Share Transfer Books of the Company will remain closed from Friday 5th August 2016 to Thursday 11th August 2016 (both days inclusive).
- h) SEBI has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder, transmission / transposition of shares. Members are requested to submit the PAN details to their Depository Participant (DP) in case of holdings in dematerialised form or to Karvy Computershare Private Limited (Karvy) in case of holdings in physical form, mentioning your correct reference folio number.
- i) Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact Karvy for assistance in this regard.
- j) The Annual Report 2015-16 of the Company circulated to the Members of the Company, will be made available on the Company's website [www.pipavav.com](http://www.pipavav.com) and also on the website of the respective Stock Exchanges [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)
- k) Members desirous of getting any information about the Accounts of the Company are requested to write to the Company at least seven days in advance of the Meeting, so that the information can be kept ready at the Meeting.
- l) **Voting Options:**

**Remote E-voting:** In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirement Regulations), 2015 the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Karvy Computershare Pvt Ltd (Karvy), on all resolutions set forth in this Notice.

**Voting at AGM:** The Members who have not casted their vote electronically can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the venue.

**The instructions for e-voting are as under:**

**A. In case of Members receiving Notice by E-mail:**

In case of Members receiving E-mail from Karvy (For Members whose e-mail addresses have been registered):

- (i) Open e-mail and open the attached PDF file "pipavav.e-voting.pdf" giving your DP ID / Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as default password the said pdf file contains your "User ID" and "Password" for e-voting.
- (ii) Open internet browser by typing the URL : <https://evoting.karvy.com>
- (iii) Click on "Shareholder - Login".
- (iv) Insert your User ID and password as initial password as mentioned in step (i) above and Login. In case you are already registered with Karvy, you can use your existing User ID and password for casting your vote.
- (v) "Password Change" menu appears. Change the password with the new password of your choice with minimum 8 digits / characters or combination thereof. Please note your new password. We strongly recommend that you do not share your new password and take utmost care to keep your password confidential.
- (vi) Home page of "e-voting" opens. Click on "e-voting-Active Voting Cycles".
- (vii) Select "EVEN" (E-Voting Event Number) of Gujarat Pipavav Port Limited for casting your votes in favour of or against the resolutions. For an EVEN, you can login any number of times on e-voting platform of Karvy till you have voted on the resolutions or till the end of voting period i.e. upto close of working hours on 10th August, 2016, whichever is earlier.
- (viii) Now you are ready for "e-voting" as "Cast Vote" page opens.



- (ix) Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Upon confirmation, the message, "Vote cast successfully" will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
- (x) Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority Letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [hsk@rathiandassociates.com](mailto:hsk@rathiandassociates.com) with copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).

Please note that:

- Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
- Your login ID and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the Member.
- It is strongly recommended that you do not share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting User Manual for Shareholders available at the "Downloads" section of <https://evoting.karvy.com>

**B. In case of Members receiving physical copy of Notice**

In case a Member receives physical copy of the Notice of AGM:

- (i) E-Voting Event Number (EVEN), User ID and Password is provided in the E-voting letter.
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (x) above, to cast your vote by electronic means.
- (2) **Voting at AGM:** The Members who have not casted their vote electronically can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue.

**Other Instructions:**

- (i) The e-voting period commences on **Monday, 8th August, 2016 (9.00 a.m. IST)** and ends on **Wednesday, 10th August, 2016 (6.00 p.m. IST)**. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on **Thursday 4th August 2016**, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, he / she / it shall not be allowed to change it subsequently.
- (ii) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company.
- (iii) Mr. Himanshu Kamdar of Messrs Rathi and Associates, Practicing Company Secretaries, (Membership No. FCS 5171, CP No. 3030), has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
- (iv) The Scrutinizer shall unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company and the Company shall submit it to the Stock Exchanges within Forty-eight hours of conclusion of its AGM.
- (v) The results declared along with the Scrutinizer's Report shall also be placed on the Company's website [www.pipavav.com](http://www.pipavav.com) and on the website of Karvy <https://evoting.karvy.com>

**STATEMENT SETTING OUT MATERIAL FACTS UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

**Item no. 6**

The Company is engaged in operating and maintaining an all-weather Port at Pipavav, District Amreli, in the State of Gujarat, having multi-cargo and multi-user operations. The Company's Port is one of the principal gateways on the West Coast of India and provides access to shipping lines through international routes as well as for the cargo belt in North and North-West Region of India. In its normal course of business, the Company has entered into transactions with Maersk Line A/S (Related Party to the Company in terms of the Listing Regulations) for providing port services and operations.

The Company had, pursuant to the requirements under the then revised Clause 49(VII)(E) of the Stock Exchange Listing

Agreement effective 1st October 2014, in its previous Annual General Meeting held on 30th July 2015, sought approval of shareholders for the said contract. However, due to the promulgation of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 effective 1st December 2015, it would be necessary as per Regulation 23(8) of the said Regulations to seek approval of shareholders for all existing material related party contracts or arrangements entered into prior to the date of notification of the said Regulations and which is continuing. Accordingly, the details of the contract are as under:

The details of transactions with Maersk Line A/S, a related party, during past four years are as follows:

Particulars	Amount in Rupees Million				
	Year ended 31st Dec 2011	Year ended 31st Dec 2012	Year ended 31st Dec 2013	15 Months ended 31st March 2015	Year ended 31st March 2016
Revenue from Operations	3,958.54	4,160.33	5,179.35	8,670.27	6,599.54
Revenue from Maersk Line	1,061.13	909.95	898.57	1,910.60	1,213.03
% of Total Revenue from Operations	27%	22%	17%	22%	18%

Considering the past trend, it is expected that the aggregate amount of transactions with Maersk Line A/S would qualify as Material Transaction in terms of the said Regulations. The said transactions have been duly approved by the Audit Committee.

Further, disclosures in connection with the related party transaction/contract are:

<b>Name of the Party</b>	Maersk Line A/S (including A. P. Moller- Maersk A/S and its affiliates)
<b>Nature of relationship</b>	Group Company, a Related Party as per revised Regulation 23 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015
<b>Nature of Contract/ Transaction</b>	Rendering of Services related to Port Operations. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
<b>Period of Contract/ Transaction</b>	1st October 2014 to 31st March 2017.
<b>Material Terms</b>	As a customer Maersk Line A/S shall pay the port related charges as per published tariff and subject to discount based on volume handled.
<b>Amount of Contract/ Transaction</b>	Based on the past trend as per the details mentioned in the Explanatory Statement, we expect the revenue during each financial year to exceed 10% of the total consolidated turnover of the Company. The exact amount of transaction per annum pursuant to the arrangement depends on actual volume and vessel calls handled and hence cannot be estimated.

The above Related Party Transaction being in the ordinary course of business, at an arms' length basis and in accordance with the Company's Policy on Related Party Transactions, the requirement of shareholders approval as contemplated under Section 188 of the Companies Act, 2013, is not applicable.

Your Directors recommend, for your approval, the ordinary resolution as set out in Item No. 6 of the Notice.

None of the Directors/ Key Managerial Personnel of the Company/ their respective relatives are interested in the resolution as set out in Item No. 6 of the Notice. Since this matter pertains to the transactions with Related Party as defined under the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, none of the Related Parties shall be entitled to vote on the resolution.

#### Item no. 7

The provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 149(9) of the Companies Act, 2013 and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, provides that all fees/compensation (except sitting fees within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government), if any paid to non-executive directors, including independent directors, shall require prior approval of shareholders in general meeting.

Accordingly, the approval of the members is sought in accordance with provisions of Section 197 of the Companies Act, 2013, for payment of remuneration by way of commission to the Independent Directors of the Company, on annual basis, upto 1% of the Net profit of the Company as calculated as per the provisions of Section 198 of the Companies Act, 2013,